

Message Text

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ACTION EB-06

INFO OCT-01 EUR-12 ISO-00 AGR-05 COME-00 SP-02 AID-05

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 8006

INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC CORN EXPORTS

SECSTATE PASS AGRICULTURE FOR ASST SECRETARY YEUTTER

FOR JULES KATZ (EB) FROM BELL

REF: TELCON KATZ/BELL; BRUSSELS 8396

1. IN MY VIEW, LARDINOIS HAS AGREED TO FOLLOWING:

(A) TO WORK WITH U.S. TO HOLD IMPORTS U.S. CORN TO CERTAIN
LEVEL IN 1974/75.

(B) THIS LEVEL NOW 7 MILLION TONS (WILL CONFIRM THIS WITH
WIJNMALLEN BY TELEPHONE LATER TODAY).

(C) COMMISSION WILL SET UP IMPORT MONITORING SYSTEM FOR
GRAINS BY COLLECTING DATA ON ISSUANCE OF IMPORT LICENSES BY
MEMBER STATES.

(D) COMMISSION WILL EXPLORE NEED TO INCREASE SURETY WHICH IS
DUE WHEN LICENSE ISSUED. (THIS MAY REQUIRE COUNCIL ACTION). PUR-
POSE OF SURETY WILL BE TO IMPROVE ACCURACY OF DATA COLLECTED FROM
LICENSING SYSTEM. SURETY IS FORFEITED IF LICENSE NOT USED PRIOR
TO EXPIRATION DATE (60 DAYS AFTER ISSUANCE).

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(E) COMMISSION WILL PROPOSE TO COUNCIL OF MINISTERS THAT

LICENSE ISSUANCE BE CENTRALIZED OR COORDINATED BY COMMISSION STAFF. COMMISSION STAFF NOW DRAFTING PROPOSAL FOR SUBMISSION AT NEXT COUNCIL MEETING.

(F) COMMISSION WILL WORK WITH U.S. RE ATTEMPTING TO SET UP SYSTEM TO MONITOR TRANSHIPMENTS OUT OF ANTWERP/ROTTERDAM/AMSTERDAM (THIS MAY REQUIRE COOPERATION OF DUTCH AND BELGIAN AUTHORITIES).

2. WITH RESPECT TO FOLLOWUP, SUGGEST WE GIVE LARDINOIS AND HIS STAFF TIME TO WORK ON ABOVE ITEMS. BELIEVE IT WOULD BE MISTAKE TO MAKE DIRECT APPROACH TO MEMBER STATES AT THIS TIME. WOULD SEEM TO UNDERCUT LARDINOIS. IF LARDINOIS LATER UNABLE DELIVER ON SETTING UP MONITORING SYSTEM, THEN BELIEVE APPROACH SHOULD BE MADE TO MEMBER STATES (PREFERABLY BY U.S. EMBASSIES IN MEMBER STATES RATHER THAN BY SOMEONE FROM WASHINGTON).

3. LARDINOIS RECEPTIVE TO USING LICENSING SYSTEM TO LIMIT CORN IMPORTS IF ABSOLUTLY NECESSARY BUT PREFERS TO SEE SOLUTION WORKED OUT WITHOUT THIS TYPE OF INTERVENTION. HE CONFIDENT LARGE PORTION SALES REPORTED TO USDA ARE INSURANCE SALES WHICH WILL WASH OUT LATER IN MARKETING YEAR. IF ALL POSSIBLE, LARDINOIS WANTS NO INTERVENTION BY GOVERNMENTS ON EITHER SIDE OF ATLANTIC.

4. AT MEETING HERE TODAY WITH SECRETARY BUTZ, GERMAN AGRICULTURE MINISTER ERTL REITERATED MANY SAME POINTS MADE EARLIER BY LARDINOIS. HE ALSO CONFIDENT LARGE PORTION EXPORT SALES REPORTED TO USDA ARE INSURANCE SALES AND DO NOT REPRESENT GRAIN WHICH HAS BEEN SOLD TO END USERS IN MEMBER STATES. ON RETURN TO BONN, ERTL PLANS CALL MEETING WITH MAJOR GERMAN IMPORTERS TO GET ASSESSMENT OF ESTIMATED GERMAN 1974/75 REQUIREMENTS COVERED BY SALES FROM IMPORTERS TO END USERS. AGATTACHE AT AMERICAN EMBASSY IN BONN WILL BE INVITED TO ATTEND. HE INVITED SECRETARY BUTZ TO ALSO SEND SOMEONE FROM USDA IN WASHINGTON TO ATTEND MEETING IF SECRETARY SO DESIRED. SECRETARY BUTZ SAID HE WOULD LIKE TO DO SO. ERTL SUGGESTED SAME APPROACH MIGHT BE WORTHWHILE IN UK AND NETHERLANDS. WE PLAN TO EXPLORE MATTER WITH BRITISH AND DUTCH DELEGATIONS HERE AT WFC. MEMBER STATE REPRESENTATIVES HERE AT WFC AWARE CONTENT BUTZ/LARDINOIS TALKS IN BRUSSELS EARLIER THIS WEEK.

5. ERTL SAID TODAY IT WOULD BE MISTAKE FOR US TO ASSOCIATE LIMITED OFFICIAL USE

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INCREASE IN GERMAN PIG NUMBERS WITH INCREASE IN CORN CONSUMPTION. GERMANY HAD VERY LARGE POTATO CROP THIS YEAR AND PRICES ARE LOW. HE EXPECTS SHARP INCREASE IN FEEDING OF POTATOES TO HOGS. AGATTACHE AT AMEMBASSY IN BONN HAS BEEN ASKED TO CHECK AND REPORT ON THIS.

6. BELIEVE SHOULD BE CAUTIOUS RE ACCEPTING SOANES' COMMENT RE GRAIN IMPORT ESTIMATES. EVERYONE IN EUROPE SEEMS TO HAVE OWN ESTIMATE

RE EC CORN IMPORTS IN 1974/75. SUMMARY OF DIFFERENCES BETWEEN EC MEMBER STATES AND COMMISSION ARE PROVIDED IN OCTOBER 25 EC BRUSSELS CABLE. EC COMMISSION ESTIMATES INCLUDED THAT CABLE CANNOT BE TAKEN LIGHTLY. BELIEVE THEY HONEST EFFORT BY COMMISSION TO COME UP WITH BEST ESTIMATES POSSIBLE. RECOMMEND WE ACCEPT THEM BUT CONTINUE TO CHECK THEM OUT IN WEEKS AHEAD.

7. WITH RESPECT TO SOYBEAN MEAL, REPORTED EXPORT SALES OF 5.8 MILLION TONS TO EC IS SO RIDICULOUSLY HIGH THAT FIGURES HAVE TO INCLUDE LARGE PORTION INSURANCE SALES. REPRESENT CONTRACTS BETWEEN U.S. EXPORTERS AND EUROPEAN IMPORTERS BUT NOT SALES FROM EUROPEAN IMPORTERS TO END USERS. WILL NEED TO WORK ON SOYBEAN MEAL PROBLEM WITH DIFFERENT APPROACH THAN FOR CORN SINCE EC HAS NO LICENSING SYSTEM FOR SOYBEANS AND MEAL. SUGGEST START WITH USDA AUDITING EXPORT SALES REPORTS OF U.S. EXPORT FIRMS.

8. NO ONE IN EUROPEAN TRADE BELIEVES REPORTED U.S. EXPORT SALES OF CORN, SOYBEANS AND SOYBEAN MEAL. IF THESE LEVELS WERE TRADE SALES, MARKET PRICES WOULD BE MUCH, MUCH HIGHER. VOLPE

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